

*Township of Wayland*  
*Allegan County, Michigan*  
**FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITORS' REPORT**  
*Year ended March 31, 2008*

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## INDEPENDENT AUDITORS' REPORT

**Township Board  
Township of Wayland, Michigan**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Wayland, Michigan, as of March 31, 2008, and for the year then ended, which collectively comprise the Township's basic financial statements, as listed in the contents. These financial statements are the responsibility of the Township of Wayland, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Wayland, Michigan, as of March 31, 2008, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

The budgetary comparison information, on pages 17 through 19, is not a required part of the basic financial statements but is supplementary information required by Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Township of Wayland, Michigan, has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.



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Township Board  
Township of Wayland, Michigan  
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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Wayland, Michigan's, basic financial statements. The supplementary information, as listed in the contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Sigfried Crandall P.C.*

May 20, 2008

## **BASIC FINANCIAL STATEMENTS**

**Township of Wayland**  
**STATEMENT OF NET ASSETS**  
March 31, 2008

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**Governmental  
activities**

**ASSETS**

Current assets:

Cash	\$ 810,704
Receivables, net	63,298
Prepaid expenses	<u>46,764</u>

Total current assets	<u>920,766</u>
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Noncurrent assets:

Capital assets, not being depreciated - land	14,054
Capital assets, net of accumulated depreciation	<u>141,621</u>

Total noncurrent assets	<u>155,675</u>
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Total assets	<u>1,076,441</u>
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**LIABILITIES**

Current liabilities - payables	<u>11,047</u>
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**NET ASSETS**

Invested in capital assets	155,675
Restricted for public safety	2,191
Unrestricted	<u>907,528</u>

Total net assets	<u>\$ 1,065,394</u>
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See notes to financial statements

**Township of Wayland**  
**STATEMENT OF ACTIVITIES**  
Year ended March 31, 2008

		<u>Program revenues</u>		<u>Net (expenses)</u> <u>revenues and</u> <u>changes in</u> <u>net assets</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Governmental</u>
	<u>Expenses</u>	<u>services</u>	<u>grants and</u> <u>contributions</u>	<u>activities</u>
<b>Functions/Programs</b>				
Governmental activities:				
Legislative	\$ 5,700	\$ -	\$ -	\$ (5,700)
General government	166,937	74,771	-	(92,166)
Public safety	196,908	29,128	-	(167,780)
Public works	50,791	2,129	4,333	(44,329)
Health and welfare	6,000	-	-	(6,000)
Community and economic development	18,961	6,137	-	(12,824)
Total governmental activities	<u>\$ 445,297</u>	<u>\$ 112,165</u>	<u>\$ 4,333</u>	<u>(328,799)</u>
General revenues:				
Taxes				82,363
State grants				206,016
Franchise fees				5,040
Investment income				31,771
Other				<u>221</u>
Total general revenues				<u>325,411</u>
Change in net assets				(3,388)
Net assets - beginning				<u>1,068,782</u>
Net assets - ending				<u>\$ 1,065,394</u>

See notes to financial statements

**Township of Wayland**  
**BALANCE SHEET - governmental funds**  
 March 31, 2008

	<u>General</u>	<u>Cemetery</u>	<u>Total nonmajor governmental funds</u>	<u>Total governmental funds</u>
<b>ASSETS</b>				
Cash	\$ 785,743	\$ 17,625	\$ 7,336	\$ 810,704
Receivables	<u>62,912</u>	<u>-</u>	<u>386</u>	<u>63,298</u>
Total assets	<u>\$ 848,655</u>	<u>\$ 17,625</u>	<u>\$ 7,722</u>	<u>\$ 874,002</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Payables	\$ 10,782	\$ -	\$ 265	\$ 11,047
Deferred revenue	<u>14,194</u>	<u>-</u>	<u>-</u>	<u>14,194</u>
Total liabilities	<u>24,976</u>	<u>-</u>	<u>265</u>	<u>25,241</u>
Fund balances:				
Unreserved	823,679	17,625	-	841,304
Unreserved, reported in nonmajor - special revenue funds	<u>-</u>	<u>-</u>	<u>7,457</u>	<u>7,457</u>
Total fund balances	<u>823,679</u>	<u>17,625</u>	<u>7,457</u>	<u>848,761</u>
Total liabilities and fund balances	<u>\$ 848,655</u>	<u>\$ 17,625</u>	<u>\$ 7,722</u>	<u>\$ 874,002</u>

Amounts reported for *governmental activities* in the statement of net assets  
 (page 5) are different because:

Total fund balances \$ 848,761

Capital assets used in *governmental activities* are not financial resources  
 and, therefore, are not reported in the funds. 155,675

Prepaid expenses are not a current financial resource and, therefore, are not  
 reported in the funds. 46,764

Other long-term assets are not available to pay for current-period  
 expenditures and, therefore, are deferred in the funds. 14,194

Net assets of *governmental activities* \$ 1,065,394

See notes to financial statements



**Township of Wayland****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES - governmental funds**

Year ended March 31, 2008

	<u>General</u>	<u>Cemetery</u>	<u>Total nonmajor governmental funds</u>	<u>Total governmental funds</u>
<b>REVENUES</b>				
Taxes	\$ 114,126	\$ -	\$ -	\$ 114,126
Licenses and permits	29,128	-	-	29,128
State grants	210,349	-	-	210,349
Charges for services	11,177	36,355	-	47,532
Interest and rentals	31,771	-	-	31,771
Other	26,552	-	2,129	28,681
Total revenues	<u>423,103</u>	<u>36,355</u>	<u>2,129</u>	<u>461,587</u>
<b>EXPENDITURES</b>				
Legislative	5,700	-	-	5,700
General government	104,048	50,832	-	154,880
Public safety	229,979	-	-	229,979
Public works	46,846	-	3,236	50,082
Health and welfare	6,000	-	-	6,000
Community and economic development	18,961	-	-	18,961
Capital outlay	11,790	1,100	-	12,890
Total expenditures	<u>423,324</u>	<u>51,932</u>	<u>3,236</u>	<u>478,492</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<u>(221)</u>	<u>(15,577)</u>	<u>(1,107)</u>	<u>(16,905)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	27,000	2,500	29,500
Transfers out	(29,500)	-	-	(29,500)
Total other financing sources (uses)	<u>(29,500)</u>	<u>27,000</u>	<u>2,500</u>	<u>-</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>(29,721)</u>	<u>11,423</u>	<u>1,393</u>	<u>(16,905)</u>
<b>FUND BALANCES - BEGINNING</b>	<u>853,400</u>	<u>6,202</u>	<u>6,064</u>	<u>865,666</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 823,679</u>	<u>\$ 17,625</u>	<u>\$ 7,457</u>	<u>\$ 848,761</u>

See notes to financial statements

***Township of Wayland***

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES - *governmental funds* (Continued)**

*Year ended March 31, 2008*

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	<b><i>Total governmental funds</i></b>
	<hr/>
Net change in fund balances - total governmental funds	\$ (16,905)
Amounts reported for <i>governmental activities</i> in the statement of activities (page 6) are different because:	
Capital assets:	
Additions	12,600
Provision for depreciation	(13,266)
Changes in other assets/liabilities:	
Net decrease in deferred revenue	(19,678)
Net decrease in prepaid expenses	<hr/> 33,861
Change in net assets of <i>governmental activities</i>	<hr/> <b>\$ (3,388)</b>

*See notes to financial statements*

**Township of Wayland**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The accounting policies of the Township of Wayland, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies.

*a) Reporting entity:*

The accompanying financial statements present only the Township. There are no component units, entities for which the Township is considered to be financially accountable.

*b) Government-wide and fund financial statements:*

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the Township. The effect of inter-fund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

*c) Measurement focus, basis of accounting, and financial statement presentation:*

The government-wide financial statements are reported using the economic resources, measurement focus, and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources, measurement focus, and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township generally considers revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

**Township of Wayland**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) *Measurement focus, basis of accounting, and financial statement presentation* (continued):

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable only when cash is received by the government.

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Cemetery Fund accounts for the financial resources used for cemetery operations. Revenues are primarily derived from charges for services.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board (GASB).

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted as they are needed.

d) *Assets, liabilities, and net assets or equity:*

i) *Bank deposits* - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Pooled interest income is proportionately allocated to all funds.

ii) *Receivables* - In general, outstanding balances between funds are reported as "due to/from other funds." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

iii) *Prepaid items* - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in the government-wide financial statements.

**Township of Wayland**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**d) Assets, liabilities, and net assets or equity (Continued):**

iv) *Capital assets* - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 (\$10,000 for infrastructure assets) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning April 1, 2004.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	15 - 60 years
Equipment	3 - 5 years
Cemetery equipment	5 - 10 years
Vehicles	3 - 5 years
Roads	10 - 30 years

v) *Fund equity* - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balances represent tentative management plans that are subject to change.

vi) *Property tax revenue recognition* - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recognized as revenue in the current year.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:**

*Budgetary information* - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget document presents information by fund, function, and department. The legal level of budgetary control adopted by the governing body is the activity level. All annual appropriations lapse at the end of the fiscal year.

The following schedule set forth significant budget variations:

<u>Fund</u>	<u>Function</u>	<u>Activity</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General	Public safety	Fire	\$ 199,559	\$ 200,735	\$ 1,176
		Inspections	-	29,244	29,244
	Public works	Recycling	100	6,215	6,115

***Township of Wayland***  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued):

*Statutory compliance* - P.A. 621 of 1978, Section 18(1), as amended, provides that total estimated expenditures, including an accrued deficit, in the budget shall not exceed the total estimated revenues. The Township's current year budget for the Cemetery Fund projected a year-end deficit of \$9,919. The actual fund balance as of March 31, 2008 was \$17,625.

NOTE 3 - DEPOSITS:

The Township's cash consists of the following:

	<u><i>Governmental activities</i></u>
Deposits	\$ 810,654
Cash on hand	<u>50</u>
Total	<u>\$ 810,704</u>

*Deposits with financial institutions:*

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations that have an office in Michigan. The Township's deposits are in accordance with statutory authority.

Custodial credit risk of deposits is the risk that, in the event of the failure of a depository financial institution, the Township will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are uncollateralized. As of March 31, 2008, \$639,008 of the Township's bank balances of \$819,008 was exposed to custodial credit risk because it was uninsured.

The Township believes that it is impractical to insure all bank deposits due to the amounts of the deposits and the limits of FDIC insurance. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the risk level of each institution. Only the institutions with an acceptable estimated risk level are used as depositories.

**Township of Wayland**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 4 - RECEIVABLES:**

Receivables as of year end for the government's individual major funds and, nonmajor funds in the aggregate, are as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Property taxes</u>	<u>Special assessments</u>	<u>Interest</u>	<u>Inter-governmental</u>	<u>Total</u>
General	\$ 1,421	\$ 12,670	\$ 14,194	\$ 2,255	\$ 32,372	\$ 62,912
Other governmental	-	-	386	-	-	386
Totals	<u>\$ 1,421</u>	<u>\$ 12,670</u>	<u>\$ 14,580</u>	<u>\$ 2,255</u>	<u>\$ 32,372</u>	<u>\$ 63,298</u>

All receivables are considered fully collectible and all are due within one year.

**NOTE 5 - CAPITAL ASSETS:**

Capital asset activity for the year ended March 31, 2008, was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Capital assets not being depreciated - land	\$ 14,054	\$ -	\$ -	\$ 14,054
Capital assets being depreciated:				
Land improvements	10,954	-	-	10,954
Buildings	174,972	-	-	174,972
Equipment	78,034	12,600	-	90,634
Vehicles	31,740	-	-	31,740
Roads	14,189	-	-	14,189
Subtotal	<u>309,889</u>	<u>12,600</u>	<u>-</u>	<u>322,489</u>
Less accumulated depreciation for:				
Land improvements	(10,954)	-	-	(10,954)
Buildings	(84,901)	(4,529)	-	(89,430)
Equipment	(39,002)	(8,028)	-	(47,030)
Vehicles	(31,740)	-	-	(31,740)
Roads	(1,005)	(709)	-	(1,714)
Subtotal	<u>(167,602)</u>	<u>(13,266)</u>	<u>-</u>	<u>(180,868)</u>
Total capital assets being depreciated, net	<u>142,287</u>	<u>(666)</u>	<u>-</u>	<u>141,621</u>
Governmental activities capital assets, net	<u>\$ 156,341</u>	<u>\$ (666)</u>	<u>\$ -</u>	<u>\$ 155,675</u>

**Township of Wayland**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 5 - CAPITAL ASSETS (Continued):**

Depreciation expense was charged to functions of the Township as follows:

Governmental activities:	
General government	\$ 11,694
Public safety	863
Public works	<u>709</u>
Total	<u>\$ 13,266</u>

**NOTE 6 - PAYABLES:**

Payables as of year end for the government's individual major funds and, nonmajor funds in the aggregate, are as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Intergovern- mental</u>	<u>Payroll</u>	<u>Total</u>
General	\$ 3,734	\$ 6,216	\$ 832	\$ 10,782
Other governmental	<u>265</u>	<u>-</u>	<u>-</u>	<u>265</u>
Total	<u>\$ 3,999</u>	<u>\$ 6,216</u>	<u>\$ 832</u>	<u>\$ 11,047</u>

**NOTE 7 - DEFERRED REVENUE:**

Governmental funds report deferred revenues in connection with revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, deferred revenue consisted of unavailable special assessments.

**NOTE 8 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:**

A summary of interfund transfers for the year ended March 31, 2008, is as follows:

<u>Fund</u>	<u>Transfer in</u>	<u>Fund</u>	<u>Transfer out</u>
Cemetery	\$ 27,000	General	<u>\$ 29,500</u>
Street Lighting	<u>2,500</u>		
	<u>\$ 29,500</u>		

The transfer to the Cemetery and Street Lighting Funds provided for the General Fund's share of operational costs.



**Township of Wayland**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 9 - RISK MANAGEMENT:**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for each of these claims and is neither self-insured nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

**NOTE 10 - CONSTRUCTION CODE ACT:**

A summary of construction code enforcement transactions for the year ended March 31, 2008, is as follows:

Revenues	\$ 29,128
Expenses	<u>29,244</u>
Deficiency of revenues over expenses	<u>\$ (116)</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

**Township of Wayland**  
**BUDGETARY COMPARISON SCHEDULE - General Fund**  
Year ended March 31, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Taxes	\$ 100,700	\$ 100,700	\$ 114,126	\$ 13,426
Licenses and permits	-	-	29,128	29,128
State grants	204,200	204,200	210,349	6,149
Charges for services	12,000	12,000	11,177	(823)
Interest	3,500	3,500	31,771	28,271
Other	24,600	24,600	26,552	1,952
Total revenues	<u>345,000</u>	<u>345,000</u>	<u>423,103</u>	<u>78,103</u>
<b>EXPENDITURES</b>				
Legislative	<u>6,000</u>	<u>6,000</u>	<u>5,700</u>	<u>300</u>
General government:				
Supervisor	13,502	13,502	11,777	1,725
Election	4,000	4,000	816	3,184
Assessor	22,622	22,622	20,780	1,842
Clerk	22,679	22,679	19,592	3,087
Board of review	2,000	2,000	316	1,684
Treasurer	16,559	16,559	14,828	1,731
Hall and grounds	13,950	14,231	7,276	6,955
Other	122,046	135,063	28,663	106,400
Total general government	<u>217,358</u>	<u>230,656</u>	<u>104,048</u>	<u>126,608</u>
Public safety:				
Fire	185,000	199,559	200,735	(1,176)
Inspections	<u>-</u>	<u>-</u>	<u>29,244</u>	<u>(29,244)</u>
Total public safety	<u>185,000</u>	<u>199,559</u>	<u>229,979</u>	<u>(30,420)</u>
Public works:				
Highways and streets	105,500	105,500	37,990	67,510
Drains	5,000	5,000	2,641	2,359
Recycling	<u>100</u>	<u>100</u>	<u>6,215</u>	<u>(6,115)</u>
Total public works	<u>110,600</u>	<u>110,600</u>	<u>46,846</u>	<u>63,754</u>

**Township of Wayland****BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**

Year ended March 31, 2008

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	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>EXPENDITURES (Continued)</b>				
Health and welfare - ambulance	<u>\$ 6,000</u>	<u>\$ 6,000</u>	<u>\$ 6,000</u>	<u>\$ -</u>
Community and economic development - planning and zoning	<u>32,150</u>	<u>32,422</u>	<u>18,961</u>	<u>13,461</u>
Capital outlay	<u>2,500</u>	<u>25,500</u>	<u>11,790</u>	<u>13,710</u>
Total expenditures	<u>559,608</u>	<u>610,737</u>	<u>423,324</u>	<u>187,413</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	(214,608)	(265,737)	(221)	265,516
<b>OTHER FINANCING USES</b>				
Transfer out - Cemetery Fund	(27,000)	(27,000)	(27,000)	-
Transfer out - Street Lighting Fund	<u>(1,500)</u>	<u>(2,500)</u>	<u>(2,500)</u>	<u>-</u>
Total other financing uses	<u>(28,500)</u>	<u>(29,500)</u>	<u>(29,500)</u>	<u>-</u>
<b>NET CHANGES IN FUND BALANCES</b>	(243,108)	(295,237)	(29,721)	265,516
<b>FUND BALANCES - BEGINNING</b>	<u>853,400</u>	<u>853,400</u>	<u>853,400</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 610,292</u>	<u>\$ 558,163</u>	<u>\$ 823,679</u>	<u>\$ 265,516</u>

**Township of Wayland**  
**BUDGETARY COMPARISON SCHEDULE - Cemetery Fund**  
Year ended March 31, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Charges for services	\$ 26,500	\$ 26,500	\$ 36,355	\$ 9,855
<b>EXPENDITURES</b>				
General government	58,800	59,621	50,832	8,789
Capital outlay	10,000	10,000	1,100	8,900
Total expenditures	68,800	69,621	51,932	17,689
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	(42,300)	(43,121)	(15,577)	27,544
<b>OTHER FINANCING SOURCES</b>				
Transfer in - General Fund	27,000	27,000	27,000	-
<b>NET CHANGES IN FUND BALANCES</b>	(15,300)	(16,121)	11,423	27,544
<b>FUND BALANCES - BEGINNING</b>	6,202	6,202	6,202	-
<b>FUND BALANCES (DEFICIT) - ENDING</b>	\$ (9,098)	\$ (9,919)	\$ 17,625	\$ 27,544

## **SUPPLEMENTARY INFORMATION**

**Township of Wayland**  
**COMBINING BALANCE SHEET - nonmajor governmental funds**  
 March 31, 2008

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	<b>Special revenue funds</b>		
	<b><u>Street Lighting</u></b>	<b><u>Liquor</u></b>	<b><u>Total</u></b>
<b>ASSETS</b>			
Cash	\$ 5,145	\$ 2,191	\$ 7,336
Receivables	<u>386</u>	<u>-</u>	<u>386</u>
	<b><u>\$ 5,531</u></b>	<b><u>\$ 2,191</u></b>	<b><u>\$ 7,722</u></b>
 <b>LIABILITIES AND FUND BALANCES</b>			
Liabilities - payables	\$ 265	\$ -	265
Fund balances - unreserved	<u>5,266</u>	<u>2,191</u>	<u>7,457</u>
Total liabilities and fund balances	<b><u>\$ 5,531</u></b>	<b><u>\$ 2,191</u></b>	<b><u>\$ 7,722</u></b>

***Township of Wayland***

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - *nonmajor governmental funds***

*Year ended March 31, 2008*

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	<b><i>Special revenue funds</i></b>		
	<b><i>Street Lighting</i></b>	<b><i>Liquor</i></b>	<b><i>Total</i></b>
<b>REVENUES</b>			
Other - special assessments	\$ 2,129	\$ -	\$ 2,129
<b>EXPENDITURES</b>			
Public works	<u>3,236</u>	<u>-</u>	<u>3,236</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	(1,107)	-	(1,107)
<b>OTHER FINANCING SOURCES</b>			
Operating transfer in	<u>2,500</u>	<u>-</u>	<u>2,500</u>
<b>NET CHANGES IN FUND BALANCES</b>	1,393	-	1,393
<b>FUND BALANCES - BEGINNING</b>	<u>3,873</u>	<u>2,191</u>	<u>6,064</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 5,266</u>	<u>\$ 2,191</u>	<u>\$ 7,457</u>



May 20, 2008

To the Board of Trustees  
Township of Wayland

We have audited the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Township of Wayland for the year ended March 31, 2008, and have issued our report thereon dated May 20, 2008. Professional standards require that we provide you with the following information related to our audit.

*Our Responsibility under U.S. Generally Accepted Auditing Standards*

As stated in our engagement letter dated March 3, 2008, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Township of Wayland are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2008. We noted no transactions entered into by Township of Wayland during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was capital asset depreciation.

Management's estimate of the capital asset depreciation is based on the estimated useful lives of the Township's capital assets. We evaluated the key factors and assumptions used to develop the capital asset depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.



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*Audit Adjustments*

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. Management has recorded all of our proposed audit adjustments.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter associated with the audits for the year ended March 31, 2008.

*Other Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township of Wayland's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Communication Regarding Internal Control*

In planning and performing our audit of the financial statements of the Township of Wayland as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Township of Wayland's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Our consideration of internal control included procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented, but it did not include procedures to test the operating effectiveness of controls, and accordingly, was not directed to discovering significant deficiencies in internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified deficiencies in internal control that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

- Policies and procedures over monthly bank reconciliations were not properly designed to identify necessary adjustments to the corresponding general ledger cash accounts. This is a recurring comment.
- The Township's current procedure associated with the processing and signing of vendor checks lacks appropriate segregation of duties and monitoring (blank checks are presented to one of the signers without support for disbursement) .
- The Township has not implemented a system of controls to prepare financial statements in accordance with U.S. generally accepted accounting principles, including procedures to achieve the objectives of recording revenue and expense accruals, the capitalization and depreciation of capital assets, and the presentation of financial statement disclosures. This is a recurring comment. The Township has determined that the additional benefits derived from implementing such a system would not outweigh the costs incurred to do so.

This communication is intended solely for the information and use of the Board of Trustees of the Township of Wayland and the State of Michigan Department of Treasury and is not intended to be and should not be used by anyone other than these specified parties.

*Sigfried Crandall P.C.*